

Ref. A083/0915

MR BUTLER

Prime Minister

You may like to have
a word with Sir Robert about
this.

FERB

24.3.

Top Salaries: Rocks Ahead

This minute is to give the Prime Minister advance notice of problems ahead on top salaries.

2. The Top Salaries Review Body (TSRB) is preparing two reports. One is a normal "updating" of top public service salaries (higher civil servants, senior officers in the armed services, the judiciary). That should be submitted by Easter. The second is a more fundamental review of the pay and allowances of Members of Parliament and Ministers. That should be submitted by the end of April.

3. I understand that the evidence which the TSRB has received on management salaries in industry suggests that differentials at the top have been widening over the last year. On the basis of that evidence the TSRB is likely to recommend for higher civil servants, senior officers and the judiciary salary levels 7 to 8 per cent higher than those which they recommended last year. Last year's recommendations were abated by five percentage points, but in her statement the Prime Minister recognised that the abatement would be one of the factors to be taken into account by the TSRB in the course of this year's review. The salary levels to be recommended by the TSRB for these groups are thus likely to be something like 12 to 13 per cent above those currently in payment.

4. Another factor which the TSRB will have had in mind in arriving at their recommendations is that the Armed Forces Pay Review Body (AFPRB) is expected to recommend increases of over 10 per cent in the pay of the Brigadier (and equivalent ranks in other services). The differential between the Brigadier (the top level covered by the AFPRB) at £22,750 and the Major General (the bottom rank covered by the TSRB) at £25,000 is already pretty compressed. If the AFPRB'S recommendation for the Brigadier is accepted, it will be difficult to avoid increasing the salary of the Major General (and ranks above that) by at least the same percentage.



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5. On Members of Parliament, I understand that the TSRB is likely to recommend a salary of £20,000, which would represent an increase of 38 per cent over the existing salary of £14,510. They could well recommend correspondingly large increases in Ministerial salaries. The new rates would come into effect at the beginning of the new Parliament, and would then be updated each year by reference to a bracket of salaries, until the next TSRB review in the fourth year of the next Parliament. The TSRB may also recommend an interim increase to come into effect on 13 June 1983 for whatever period remains of this Parliament.

6. Clearly the handling of these various reports and the decisions on the recommendations are going to present considerable difficulties. I am inclined to think that we should have to sit on the first TSRB report until we have the AFPRB report and the second TSRB report, and then consider, and make decisions and announcements on them, together. Another argument for this is the need to avoid prejudging the discussions on the main Civil Service pay claim.

7. If the Prime Minister decides to proceed accordingly, we shall have to restrict extremely narrowly the circulation given to the first TSRB report.

REA

ROBERT ARMSTRONG

24 March 1983



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

File back to Mr. Butler

Mr. Scholar - to see
+ hold papers
please

Mr Butler

Should we keep the Chancellor

(Treasury in touch)

Top Salaries : Rocks Ahead

X The Prime Minister discussed with you this morning your minute of 24 March. The Prime Minister is much concerned by the expected recommendations of the TSRB. She agreed with your conclusion that consideration of all three reports should take place simultaneously, and that we should restrict circulation of the first TSRB report until the two subsequent ones are received.

X The Prime Minister wondered whether the TSRB, in considering their recommendations for Members of Parliament, had taken account of the number of M.P.s in the British Parliament relative to other countries and the recent increase in this number. She suggested that you might pass this thought to Lord Plowden.

on X

E. E. R. BUTLER

and the
Lord President

on X and

the £20,000?

Mr. Scholar

Let us have a word with the Chancellor or Mr. Kerr ~~in~~ next week.

FERB :
25.3.

MUS 25/3

25 March, 1983

PA